

David Halldearn
Ofgem
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London
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6 August 2004

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Dear David,

**The initial allocation of GB transmission system access rights under BETTA
July 2004**

Thank you for the opportunity to respond to this consultation. This response is submitted on behalf of ScottishPower UK Division, which includes the UK energy businesses of ScottishPower, namely ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Energy Retail Ltd.

We support the proposed transitional arrangements which recognise the urgent need for clarification on GB transmission system access rights, particularly for users of the Scottish transmission network and applicants for connection to the Scottish transmission network.

In particular we welcome the proposed transitional licence obligation setting out the sequence in which the GB system operator will deal with offers in identifying the transmission system infrastructure requirements, with agreements in place by 1 September 2004 taking precedence and other applications dealt with in the order in which complete applications are submitted. This is an important issue in the enduring arrangements as well as the transitional arrangements where in order to ensure that some applicants are not discriminated against it will be essential that the GB system operator continues to deal with all GB applications in the order in which complete applications are submitted.

Applications for connection in Scotland, which involve a Scottish transmission licensee in addition to NGC, may require additional steps in the process compared to applications for connection in England & Wales made directly to NGC. If NGC is not bound by a licence obligation to deal with these applications strictly in the order that they are received then there would be a serious risk that applicants for connection in England & Wales would be dealt with more speedily and therefore have an unjustified advantage over applicants in Scotland.

Full consideration and appropriate allowance needs to be made for the resources required, particularly by the two already stretched Scottish transmission licensees, as a result of the likely flood of applications that will be received, along with requests for negotiations prior to acceptances being concluded as a result of the timeframes proposed. This is likely to impact most significantly on new renewable projects in Scotland and any additional risks and delays could threaten the

delivery of these projects with an adverse effect on the achievability of the Government's climate change reduction targets.

Detailed Comments

Para 1.5

The statement that it is possible that the initial allocation of rights at BETTA go-live could change over time raises concerns. Any possibility of a change to initial allocation rights represents a threat to projects.

Para 4.25

We believe that all users with agreements in place at 26 January 2004 should get a non-contingent allocation of GB access rights equivalent to their existing level of local rights. Applicants who had concluded discussions with the transmission licensee and had signed a connection agreement prior to Ofgem's statement of 26 January were entitled to assume that they would be granted GB access on an equivalent basis. Indeed access to the wider GB market was put forward by Ofgem/DTI as one of the major advantages of BETTA. Prior to the statement of 26 January Ofgem's previous reference to this issue was in a BETTA consultation paper in December 2001 which reported on a piece of work that had been carried out by the three transmission licensees. In that consultation paper Ofgem stated that in relation to constraints on the Scotland-England interconnector the three transmission licensees had concluded that 'at a capacity of 2,200MW, following the completion of the North Yorkshire line, constraint volumes and thus constraint costs would be non-material'.

Para 4.26

Where non-standard connections are already signed within a local context then this should be honoured within GB rights without any additional risk to the generator.

I hope you find these comments useful. Should you have any queries on the points raised, please feel free to contact us.

Yours sincerely,

Alex MacKinnon

Regulation Manager
ScottishPower Energy Management Limited